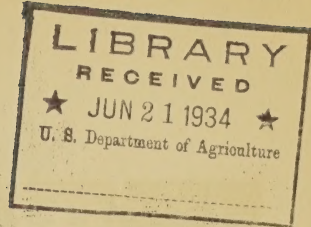


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June 16, 1934.

MEMBERS AND ADVISERS OF COMMITTEE OF TWENTY-FIVE

Gentlemen:

I am giving you herewith a brief summary of the work and procedure of the Committee of Twenty-five, and more especially of the Subcommittee of Five. We would have sent you such a report at an earlier date; but there was no time until now when it did not appear that the situation would be changed the next day. You may already have some of the material which I am sending you, but not being sure of this, I will try to make the report reasonably complete in itself.

It is not necessary to go into detail as to the meeting of the Committee of Twenty-five, since all of the committee were present except two, and those two have since received a fairly complete report of the proceedings. A stenographic report of that meeting was made but on account of its bulk, copies will not be sent to the committee members. No doubt the Beef Cattle Section would be very glad to answer questions concerning procedure and happenings at that meeting.

As you may remember, the chief result of that meeting was a set of resolutions presented by the three subcommittees. These resolutions were mimeographed and each member of the committee given a copy. These resolutions were not approved by the Committee of Twenty-five but instead they were referred to a committee of five with instructions to remain in Washington long enough to shape up the ideas of the resolutions into a working program. A copy of these resolutions follows:

RESOLUTIONS ADOPTED BY THE PRODUCTION AND REDUCTION CONTROL COMMITTEE OF
THE COMMITTEE OF 25 REPRESENTING THE CATTLE INDUSTRY.

Resolution No. 1. That we agree to accept the benefits of the Jones-Connally cattle bill under the Agricultural Adjustment Act.

Resolution No. 2. That the processing tax be fixed at a maximum of 50 cents per cwt. and the time of payment be on a sliding scale starting at 15 cents per cwt. on October 1, 1934; that it be 30 cents per cwt. on January 1, 1935; 40 cents per cwt. on May 1, 1935; and 50 cents per cwt. on October 1, 1935.

Resolution No. 3. Outline of Cow Reduction Contract.

The Producer agrees to:

A. Reduce by slaughter by January 1, 1935, the number of breeding females over 1 year of age, so that his inventory at that time is 5% below the average of his inventories as of January 1, 1933 and January 1, 1934.

B. Reduce, by January 1, 1936, the number of breeding females over 1 year of age, so that his inventory number at that time is 13% below the average of his inventories as of January 1, 1933, and January 1, 1934.

C. Reduce, by January 1, 1937, the number of breeding females over 1 year of age, so that his inventory number at that time is 20% below the average of his inventories as of January 1, 1933, and January 1, 1934.

The Secretary agrees to:

Pay to the producer a benefit payment of \$4.00 per head upon the average number of breeding females as shown by his inventories as of January 1, 1933, and January 1, 1934. Such payment to be made as follows:

1. \$2.00 per head as soon as the contract is accepted.
2. \$1.00 per head January 1, 1936, upon proof of compliance with the contract to that date.
3. \$1.00 per head January 1, 1937, upon proof of compliance with the contract to that date.

Resolution No. 4. Outline of Finisher Contract.

The Finisher agrees to:

A. Reduce his sales of cattle for slaughter for the year ending June 30, 1935 to 5% less than his average sales of cattle for slaughter for the base period. (The base period shall be the period July 1, 1932 to June 30, 1934).

B. Reduce his sales of cattle for slaughter for the year ending June 30, 1936 to 15% less than his average sales for the base period.

Qualifications:

The sale of cattle for slaughter shall in all cases be measured by the total live weight sold without regard to the number of head.

In determining the average sales for the base period, cattle which were not in the possession of the feeder for at least 60 days prior to the date of sale shall not be counted.

Signing this finisher contract shall not bar the feeder from signing a cow reduction contract.

The Secretary agrees to:

Pay the finisher a benefit payment of $1\frac{1}{2}$ cents per lb. on his average sales of cattle for slaughter for the base period 1932-33.

1. 50% at the time the contract is accepted.
2. 25% on July 15, 1935, upon proof of compliance with the contract to that date.
3. 25% on July 15, 1936, upon proof of compliance with the contract to that date.

* * * * *

Be it resolved:

That the committee of 25 consider it vital to the cattle industry that the R. A. C. C. continue to make loans as originally designed, until the end of this present economic crises, particularly in view of the present drought.

* * * * *

REPORT OF THE COMMITTEE ON MARKETING
(of the committee of 25 cattlemen)

We recommend the immediate signing of a marketing agreement between the processors and the Secretary of Agriculture; and

We further recommend that the cattle producers be allowed through appropriate committees fairly representative of the industry and acceptable to the Secretary of Agriculture to enter into marketing agreements to balance and support the cattle market.

* * * * *

REPORT OF THE COMMITTEE ON DISEASE
ERADICATION AND RELIEF
(of the committee of 25 cattlemen)

We recommend to the Secretary of Agriculture, Honorable Henry A. Wallace, that the disease elimination program under Section 6 of the amended Agricultural Adjustment Act be put in operation at as early a date as possible, this program to be under the supervision and direction of the Bureau of Animal Industry, in cooperation with the various States.

We recommend the elimination of all diseased dairy and beef cattle, believing that such elimination is imperative in the interest of public health and the welfare of the entire dairy and beef industry.

Your committee makes the following separate recommendation with reference to the relief purchase:

That the Secretary of Agriculture use as much of the fund under Section 6 of the amendment as is feasible to purchase female cattle; the same to be canned and stored for orderly distribution; and in furtherance of the purposes of the Agricultural Adjustment Act in raising and maintaining price levels for cattle, your sub-committee recommends that the elimination program be so coordinated with the relief purchase program as to improve and not lower price levels.

* * * * *

FURTHER RESOLUTIONS BY MARKETING COMMITTEE

Be it resolved:

That we favor the expenditure of 2 million dollars a year for the advertising of beef, under the supervision of the Secretary of Agriculture.

Be it further resolved:

That we suggest as an efficient means of securing the greatest benefit of this expenditure, that the Secretary enter into a contract with the National Livestock and Meat Board.

CATTLE AND SHEEP SECTION
AGRICULTURAL ADJUSTMENT ADMINISTRATION

SUB-COMMITTEES OF COMMITTEE OF TWENTY-FIVE, APPOINTED MAY 9, 1934:

PRODUCTION CONTROL COMMITTEE

Dolph Briscoe, Chairman
C. J. Abbott
Marion R. Finley
Thos. B. Glascock
Kenneth Hones
F. F. McArthur
C. L. Jamison
A. L. Berg
George M. Lester

MARKETING COMMITTEE

Charles E. Collins, Chairman
Elmer Brock
F. R. Carpenter
R. M. Gunn
A. J. Olson
Willard Edwards
Hubbard Russell
J. Blaine Shaum

DISEASE CONTROL AND RELIEF PURCHASES COMMITTEE

J. H. Mercer, Chairman
L. A. Chapin
Joe Robinson
H. H. Parke
George W. Rittenour
W. B. Mount
Maurice Douglas
E. B. Weatherly

AGRICULTURAL ADJUSTMENT ADMINISTRATION
CATTLE AND SHEEP SECTION

Committee of Twenty-five
(As of May 9, 1934)

C. J. Abbott Hyannis, Nebraska	Carl S. Horn (1) Hay Springs, Nebraska
A. L. Berg Baltic, South Dakota	F. F. McArthur Oakland, Iowa
Dolph Briscoe Uvalde, Texas	J. H. Mercer Topeka, Kansas
Elmer Brock Kaycee, Wyoming	W. B. Mount Shouns, Tennessee
F. R. Carpenter Hayden, Colorado	Herman Oliver (2) John Day, Oregon
L. A. Chapin 11 West 42d Street New York City	A. J. Olson Renville, Minnesota
Charles E. Collins Kit Carson, Colorado	H. H. Parks Genoa, Illinois
Maurice Douglas Flat Rock, Indiana	Judge Geo. W. Rittenour Piketon, Ohio
Marion R. Finley Hoopston, Illinois	Joe Robinson Mercer, Pennsylvania
Thos. B. Glascock Upperville, Virginia	Tom Ross (1) Chinook, Montana
R. M. Gunn Buckingham, Iowa	Hubbard Russell 618 I. W. Hellman Bldg. Los Angeles, Calif.
Kenneth Hones Colfax, Wisconsin	J. Blaine Shaum Tarkio, Missouri
	E. B. Weatherly Cochran, Georgia

Sub-Committee of Five

F. F. McArthur	-- Representing the Corn Belt
W. B. Mount	-- Representing the Southeast
A. J. Olson	-- Representing the Dairy Industry
Hubbard Russell	-- Representing the West
Dolph Briscoe	-- At large

Advisers:

Willard Edwards Humboldt, Iowa	George M. Lester Bains, Louisiana
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- (1) Did not attend meeting of May 9th, 1934.
- (2) C. L. Jamison of Klamath Falls, Oregon, substituted for Mr. Oliver at meeting of May 9th, 1934.

MEETING OF SUBCOMMITTEE OF FIVE BEGINNING MAY 12th

The Subcommittee of Five went into session with the writer immediately after the adjournment of the Committee of Twenty-five. Mr. Beier and Mr. Sykes attended these sessions, while Mr. Petrie and various members of the Cattle and Dairy Sections were in and out as the occasion demanded.

No stenographic notes were taken of the meetings of the Subcommittee of Five, but all of the essential points of their proceedings appear in the reports prepared.

The discussions of the Committee centered around the resolutions which had been presented to the Committee of Twenty-five, and more particularly around the resolutions of the Production Control Committee. There was very little argument as to the cow reduction contract except as to details. The general opinion of the Committee was that such a program was necessary and that the programs outlined by the resolutions presented to the Committee of Twenty-five would be effective and efficient.

With the possible exception of Mr. Olson, the committee members felt that some form of contract leading to a reduction in the numbers of cattle was absolutely essential and that the industry would not object to a processing tax sufficiently high to carry on such a program. The question was raised as to whether it might be well to postpone consideration of a control contract until the effects of the drought could be more accurately appraised. The Committee, however, were in favor of proceeding with the contract.

Corn-belt representatives were insistent that any control program must include the corn-belt feeder. Those who represented the grazing areas were insistent that the man who grazed steers should also be included. It was suggested that on account of the many difficulties involved in a steer contract and on account of the many objections to a processing tax that had been made by steer feeders, it might be well to use only the cow contract and to finance the same entirely by a processing tax on cows and thus omit the steers not only from the contract but from the tax. This suggestion, however, did not meet the approval of the Committee, and particularly of the corn belt representatives. It was shown that if heavy benefit payments were made soon and if the processing tax were then delayed and distributed over a considerable length of time, the benefit payments would be in effect a loan without interest, at least for a substantial portion of the benefit payments. It was therefore the judgment of the Committee that some form of contract for the steer and heifer feeder must be prepared.

The results of the session meetings of May 15th are shown in the report of the Committee as of that date. This report was presented by the subcommittee in a body to Mr. C. C. Davis, Dr. H. R. Tolley and Mr. Victor Christgau on the afternoon of May 15th. Later in the afternoon all of the parties named, together with other representatives of the AAA, presented the report in person to the Secretary.

There was not, however, time in either of these conferences to go into detail as to the merits of the various proposals made. At the close of this session it was recognized that the report, especially as concerns steers and heifers, had not been so worked out as to meet all conditions. The writer therefore requested such members of the committee as could do so to remain in Washington for a day or two and see if they could not straighten out some of these details. All of the committee except Mr. Briscoe remained in Washington until the night of May 17th. Thus, for practical purposes the subcommittee went into another session. Most of these two days were spent on the matter of steers and heifers. In the final shaping up of the program it was found that the program as the committee had planned it would require a processing tax of around 35¢ per 100 pounds liveweight scattered over a period of 4 years. The subcommittee felt that it would not be possible to sell the industry a program involving a processing tax in excess of 25¢. The committee therefore cut their proposed benefits straight through by 25%, thus bringing the total budget of the proposed plan to a point where it could be covered by a processing tax of 25¢ lasting over a period of 4 years. The committee also prepared a few brief statements of general policies which they hoped might obtain general publicity. The final conclusions of the committee as of May 17th were put together in the report under that date. This report was presented by the committee in person to Mr. Victor Christgau, on the afternoon of May 17th. Mr. Davis and Dr. Tolley were not available on that date.

It was recognized by the committee that the reduction called for in the steer and heifer contract might not be consistent with the number of cows as planned through the cow reduction contract. It was recognized that the recent increase in the number of cows might not have its full effect upon the number of steers until sometime in the future and that the number of steers to be put on the market in the next two years might increase regardless of contract. It was not possible, however, during the session of the committee to go into a thorough statistical analysis of this problem. The Cattle Section was requested, however, to make such an analysis.

The subcommittee were well agreed on the various points included in these reports with the exception of Mr. Olson, who was never convinced that a reduction contract was necessary. Mr. Olson therefore prepared an independent plan which he presented to Mr. Davis and to the Secretary at the same time the majority report was presented, that is, on the 15th. Copy of the report of May 15th, the report of May 17th, and Mr. Olson's report follow:

REPORT OF THE SUB-COMMITTEE OF FIVE
(Of the Committee of Twentyfive)

To MR. HARRY PETRIE
Chief, Cattle and Sheep Section
Agricultural Adjustment Administration
May 15, 1934.

(Presented to Mr. C.C. Davis and Secretary Wallace May 15th 1934)

Outline of Cow Reduction Contract.

The Producer agrees to:

A. Reduce by January 1, 1935, the number of breeding females over 1 year of age, so that his inventory at that time is 5% below the average of his inventories as of January 1, 1933 and January 1, 1934.

B. Reduce, by January 1, 1936, the number of breeding females over 1 year of age, so that his inventory number at that time is 13% below the average of his inventories as of January 1, 1933, and January 1, 1934.

C. Reduce, by January 1, 1937, the number of breeding females over 1 year of age, so that his inventory number at that time is 20% below the average of his inventories as of January 1, 1933 and January 1, 1934.

D. Not to increase during year 1937.

The Secretary agrees to:

Pay to the producer a benefit payment of \$3.00 per head upon the average number of breeding females as shown by his inventories as of January 1, 1933, and January 1, 1934. Such payment to be made as follows:

1. \$2.00 per head as soon as the contract is accepted.
2. 50¢ per head January 1, 1936, upon proof of compliance with the contract to that date.
3. 25¢ per head January 1, 1937, upon proof of compliance with the contract to that date.
4. 25¢ per head January 1, 1938, upon proof of compliance with the contract to that date.

That the percentage of reduction and amount of reduction per year be definitely decided by the Administration after study has been made of figures and that this reduction be between 15% and 20%.

Outline of Finisher Contract

The Finisher agrees to:

A. Reduce his sales of steers, heifers and cows for slaughter for the year ending June 30, 1935 to 5% less than his average sales of cattle for slaughter for the base period. (The base period shall be the period July 1, 1932 to June 30, 1934.)

B. Reduce his sales of steers, heifers and cows for slaughter for the year ending June 30, 1936 to 15% less than his average sales for the base period.

Qualifications:

The sale of steers, heifers and cows for slaughter shall in all cases be measured by the total live weight sold without regard to the number of head.

In determining the average sales for the base period, steers, heifers and cows which were not in the possession of the feeder for at least 60 days prior to the date of sale shall not be counted.

Signing this finisher contract shall not bar the feeder from signing a cow reduction contract or a grazer contract.

The Secretary agrees to:

Pay the finisher a benefit payment of 1¢ per lb. on his average sales of cattle for slaughter for the base period.

1. 60% at the time the contract is accepted.
2. 20% on July 15, 1935, upon proof of compliance with the contract to that date.
3. 10% on July 15, 1936, upon proof of compliance with the contract to that date.
4. 10% on July 15, 1937, upon proof of compliance with the contract to that date.

That the percentage of reduction and dates of its application be decided by the Administration after due consideration has been given to the reduction by the producer. That the finishers' reduction period be made so that a surplus of cattle will not be left in the hands of the producers and grazers, thereby nullifying the intent and purpose of this entire reduction program.

Outline of Grazer Contract

The Grazer agrees to:

A. Reduce his cattle for the year ending June 30, 1935 to 5% less than his average of cattle for the base period. (The base period shall be the period July 1, 1932 to June 30, 1934).

B. Reduce his cattle for the year ending June 30, 1936 to 15% less than his average for the base period.

Qualifications:

The cattle shall in all cases be measured by the total live weight handled without regard to the number of head.

In determining the average for the base period, cattle which were not in the possession of the grazer for at least ninety days prior to the date of sale shall not be counted.

Signing this grazer contract shall not bar the grazer from signing a cow reduction contract or finisher contract.

The Secretary agrees to:

Pay the grazer a benefit payment of 1¢ per lb. on his average weight of cattle for the base period.

1. 60% at the time the contract is accepted.
2. 20% on July 15, 1935, upon proof of compliance with the contract to that date.
3. 10% on July 15, 1936, upon proof of compliance with the contract to that date.
4. 10% on July 15, 1937, upon proof of compliance with the contract to that date.

Grazer being the handler between producer and finisher who grazes cattle and does not finish them for slaughter.

If legally possible, we recommend that a sales tax be collected from the grazer in lieu of a processing tax as the grazer would not be subject to a processing tax. It is our idea that each recipient of a benefit payment should pay his proportionate part of the tax, thereby eliminating the question of who pays the tax.

The percentage of reduction and dates of putting it into effect ^{are} to be determined by the Administration after study had been made of figures available. The dates to be so set as to not leave the producer with a surplus on his hands, which ordinarily would be taken by the grazer.

RECOMMENDATIONS IN CONNECTION WITH THE CATTLE CONTROL PROGRAM

That the Administration either through a marketing agreement with the processors or some form of control of the processors work out a plan whereby the market will not become demoralized from over-supply or under-supply of cattle while this reduction program is being carried out. Also that the market be supported by relief purchases and disease eradication during these periods of reduction, in accordance with the resolutions of the Committees of Marketing, Disease Eradication and Relief Purchases, copies of these reductions being attached hereto.

That date of putting plan into effect and date and amount of processing tax be left to the Administration. It is our belief that a processing tax should not exceed 35¢ per hundredweight as the maximum and held to 25¢ if practicable. In our cattle program, we have extended the benefit payments one year longer in order that the processing tax can be collected for one year longer and in that way hold it to a smaller figure per hundredweight.

We recommend that a processing tax be not put into effect until sufficient notice has been given to the Industry so that it will have a sufficient length of time in which to adjust its operations to the tax.

REPORT OF SUB-COMMITTEE OF FIVE
(of the Committee of Twenty-five)

TO MR. HARRY PETRIE
Chief, Cattle and Sheep Section
Agricultural Adjustment Administration
May 17, 1934.

CATTLE REDUCTION PROGRAM

Objective:

- A. Reduction of cow numbers 11% net by Jan. 1, 1937.
- B. Stabilization of the annual marketing of cattle and calves at the 1928-1932 level. (22,500,000 head).
- C. To put benefit payments in the hands of cattlemen at an early date, such payments to be repaid later through a processing tax.

Plan:

- A. Cow Reduction Contract.
15% gross reduction by Jan. 1937 per attached outline. (estimate 75% sign up thus giving 11% net reduction)
- B. Steer and heifer reduction contract, 10% gross reduction by January 1, 1937 per attached outline.
- C. Removal of excess cows and heifers (2,000,000 head annually) from normal channels of consumption by purchase for relief and disease eradication.

OUTLINE OF COW REDUCTION CONTRACT

The Producer agrees to:

A. Reduce by January 1, 1935, the number of breeding females over 1 year of age, so that his inventory at that time is 5% below the average of his inventories as of January 1, 1933 and January 1, 1934.

B. Reduce by January 1, 1936, the number of breeding females over 1 year of age, so that his inventory number at that time is 10% below the average of his inventories as of January 1, 1933, and January 1, 1934.

C. Reduce by January 1, 1937, the number of breeding females over 1 year of age, so that his inventory number at that time is 15% below the average of his inventories as of January 1, 1933, and January 1, 1934.

D. Not to increase during year 1937.

The Secretary agrees to:

Pay to the producer a benefit payment of \$2.25 per head upon the average number of breeding females as shown by his inventories as of January 1, 1933, and January 1, 1934. Such payment to be made as follows:

1. \$1.50 per head as soon as the contract is accepted.
2. 25¢ per head January 1, 1936, upon proof of compliance with the contract to that date.
3. 25¢ per head January 1, 1937, upon proof of compliance with the contract to that date.
4. 25¢ per head January 1, 1938, upon proof of compliance with the contract to that date.

The percentage of reduction and amount of reduction per year to be definitely decided by the Administration after study has been made of figures, this reduction to be between 10% and 15%.

Estimated cost of above is \$75,000,000 for entire time.

OUTLINE OF STEER AND HEIFER CONTRACT

The Producer agrees to:

A. Reduce the total weight of steers and heifers on his farm or ranch during the calendar year 1935 to at least 5% less than his base average.

B. Reduce the total weight of steers and heifers on his farm or ranch during the calendar year 1936 to at least 8% less than his base average.

C. Reduce the total weight of steers and heifers on his farm or ranch during the calendar year 1937 to at least 10% less than his base average.

Qualifications:

The base average will be the average of the total weight of steers and heifers on the farm or ranch of the producer for the calendar years 1932 and 1933. The weight of the cattle shall be the weight of the cattle at the close of the year, unless they have been sold during the year, in which case the sale weight shall be used. Cattle in possession of the grower for more than 60 days but less than the calendar year shall be counted in proportion to the length of time in the grower's possession. Cattle in the grower's possession for less than 60 days shall not be counted. Calves shall not be counted until after they are weaned.

The Secretary agrees to pay the producer a benefit of $\frac{3}{4}$ ¢ per pound on his base average.

1. 60% as soon as the contract is accepted.
2. 15%, January 1, 1936.
3. 15%, January 1, 1937.
4. 10%, January 1, 1938.

Estimated cost of about \$60,000,000 for total time.

BUDGET SUMMARY

Estimated Cost Entire Program

Cow Contract	\$ 75,000,000
Steer and Heifer Contract	<u>60,000,000</u>
	\$135,000,000

Estimated yield of a tax of 25 cents per hundred

liveweight for four years	\$136,000,000
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MARKETING, RELIEF PURCHASES AND DISEASE CONTROL

The Sub-Committee of Five approve the Resolutions offered to the Committee of Twenty-five by the Sub-Committees on Marketing and on Disease Eradication and Relief, as per attached copy.

GENERAL POLICIES

I

Machinery for the purchase of cattle for relief purposes should be put in motion at once.

II

The processing tax should in no case exceed 25¢ per hundred pounds liveweight and should not be levied without ample advance notice to the industry.

III

In view of the uncertainties of the present drought situation the time at which any control program is put into effect should be left to the discretion of the Secretary subject to approval by the industry at large.

IV

No control program should be finally adopted until after it has been approved by the industry through a series of regional meetings.

OUTLINE OF BEEF AND DAIRY CATTLE REDUCTION PROGRAM

Minority report submitted by Mr. A. J. Olson, May 15th, 1934.

I - Objectives:

(a) To reduce the cattle population, beef and dairy, by reduction of breeding females.

(b) To provide simplicity of operation and ease of administration.

(c) To effect reduction of cattle population by voluntary action on the part of producers.

(d) To raise prices of beef and dairy cattle as a result of reduced cattle population.

(e) To raise prices of beef and dairy products as a result of a reduced cattle population.

II - Features to Avoid:

(a) Public condemnation of wanton destruction of foodstuffs.

(b) A processing tax so large at any time as to reduce consumption or provoke either the producer or the consumer into opposition.

(c) Treasury raids. The plan must be self-financing, even though the processing tax may not produce enough revenue currently to pay the expense of the program.

III - Details of Program:

(a) To be confined to female stock, beef and dairy.

(b) To contain direct financial reward to farmers who cooperate.

(c) To offer an extra price inducement or reward per pound on live animals, beef or dairy, if sold during a certain period of each of the years 1934 and 1935.

(d) To make this price inducement or reward sufficient to attract the sale of female stock.

(e) To select three months of each year named above, when normal movements of female stock are heaviest, during which time movement to

market will be accelerated by the reward which will have an immediate stimulating effect on prices of beef and dairy animals and products, without waiting for the gradual influence of elimination of female stock.

(f) To collect the processing tax in central points such as terminal yards and packing plants.

(g) To have the plan operate a short period - as above suggested, three months - in each of two years, so that disposition either for relief purposes or for storage more easily can be made of the accumulated meats.

(h) To correlate the plan of disposition of female stock with the disease eradication plan so that a double effort to reduce the cattle population will be operating concurrently.

IV - Observations:

(a) This plan will eliminate the complexities of an intricate "sign-up" campaign, and will avoid the difficulties incident to three or four different owners handling beef and dairy animals.

(b) This plan is based wholly on price inducement and will succeed to the extent that the price inducement is made attractive enough to bring female stock to market.

(c) The processing tax can be small - 15 to 25 cents per hundred pounds - and need never get larger if it is allowed to continue say twice as long as the price inducement above described is in operation.

(d) This plan will not get female stock from every farmer, beef or dairy, but will result in a material reduction in cattle population, which is the primary goal of any controlled plan for cattle and beef under AAA. The farmer who does not sell his female stock will be losing a good market opportunity, and if he tries to expand will have to compete in price against the price inducement or reward offered in this plan.

(e) This plan in addition to effecting a cattle reduction resultant from the female stock being sold by cooperating farmers, will directly deter non-cooperating farmers from expansion - increased price being the deterrent influence.

(f) This plan will, for 1934, give a reward to the cattle farmers in drought areas, and by so doing will expedite reduction in cattle population.

(g) This plan is similar to, but not identical with, the pig and sow campaign of 1933, but must be made to differ from that plan in the

avoidance of absolute destruction of food material; or the sale or competitive markets (like the sale of grease to Proctor and Gamble) at ridiculously low prices; or upsetting the regular routine of cattle or dairy market practices. The plan would merely enlarge in certain short periods of two years the run of female stock to all our terminals, and would not interfere with our marketing practices.

(h) This plan will reduce female stock, beef and dairy; will do it on a non-subsidy basis; although the Federal Treasury will be called on to pay out money which later will be reimbursed through a low processing tax; will be easily understood by the farmers and will remove a great burden of education from the Agricultural Extension Service; and will carry out policies contained in the Connally Amendment to the Agricultural Adjustment Act, in which cattle was made a basic commodity.

MEETINGS OF THE SUBCOMMITTEE BEGINNING MAY 30th.

After the subcommittee adjourned, drought conditions in the Northwest grew rapidly worse, and demanded all the attention of the higher officials of the AAA. It also became apparent that this program was going to result in a substantial reduction in the number of cattle through means quite different from those contemplated by the Subcommittee of Five and that there was a possibility that the main objectives of the committee, that is, the reduction in cow numbers, might be brought about through the drought and the drought relief program. The idea gradually grew that it would be necessary to hold the plans suggested by the committee or any similar plans in abeyance until the full effects of the drought and of the drought relief program could be accurately appraised. The subcommittee was therefore called in session a second time at the Nicollet Hotel, Minneapolis, Minn., May 30th.

Having in mind the drought situation, Mr. Petrie invited to the meeting not only the subcommittee of five but also those members of the Committee of Twenty-five from the more critical drought areas. The committee members in actual attendance were as follows:

C. J. Abbott, Hyannis, Nebr.	A. L. Berg, Baltic, So. Dak.	Elmer Brock, Kaycee, Wyoming.
Kenneth Hones, Colfax, Wis.	W. B. Mount, Shouns, Tenn.	A. J. Olson, Renville, Minn.
Hubbard Russell, Los Angeles, Cal.	Tom Ross, Chinook, Mont.	F. F. McArthur, Oakland, Iowa.

In addition to the members of the committee, the cattle section of the Agricultural Adjustment Administration was represented by Harry Petrie, Fred Beier, E. L. Potter and A. Sykes. Mr. Petrie and Mr. Potter presided. Sundry persons, besides these named were in and out of the sessions. It was explained that the object of the meeting was to consider the relationship of the work and program of the committee to the drought relief program. The committee spent much time in discussion of these and other subjects. No stenographic notes were taken. Most of the discussions crystallized into resolutions. The following resolutions were formally adopted:

RESOLUTION NO. 1.

BE IT RESOLVED - That the Administration immediately arrange for canning operations in the secondary drought areas. It is further recommended that canning facilities be set up as near as possible to the sources of supply, that vegetables and fruit canneries be used

where available, and that where no such canning facilities are available the Administration provide for the erection of same. It is further recommended that the plan of purchase now being put into operation in the primary drought areas be also applied to the secondary drought areas.

RESOLUTION NO. II

WHEREAS - The desired reduction in basic feed and grain crops has been accomplished by a production control program, and

WHEREAS - Reverse weather conditions have brought the reduction far below the planned or desired objective, NOW THEREFORE

BE IT RESOLVED - That we urge a broader administrative ruling that will permit the immediate planting of roughage crops, including corn, on contracted acreage, and that inasmuch as the contracted acreage in feed and grain crops is already measured and checked by local committees, we, therefore, urge that no further checking is necessary.

BE IT FURTHER RESOLVED - That we urge the Secretary of Agriculture to immediately issue the necessary orders to effectuate this emergency program.

BE IT FURTHER RESOLVED - That copies of this resolution be forwarded to the Chiefs of the Corn-hog and Wheat Sections.

RESOLUTION NO. III

WHEREAS - The present drought is putting many stock men and farmers in a position where unusual purchases of feed and seed will be necessary, therefore

BE IT RESOLVED - That the Administration be asked to take such steps as may be necessary in order to protect stock men and farmers against profiteering in feeds and seeds.

RESOLUTION NO. IV

WHEREAS - The drought relief program contemplates the killing of a large number of cattle as a relief measure and to reduce local production, therefore

BE IT RESOLVED - That we urge the placing of hide imports on a quota basis to an amount that will give adequate protection to domestic markets during the working out of this program.

RESOLUTION NO. V.

BE IT RESOLVED - That a marketing agreement between meat processors and the Secretary of Agriculture be perfected at once, so that the unusual movement of cattle resulting from the drought and the Drought Relief Program be handled in an orderly manner, and at maximum prices.

In order to get the program of the committee into uniform and suitable style, the ideas which had been expressed through the resolutions and the verbal discussions were put into the form of a set of recommendations addressed to the Agricultural Adjustment Administration. Typewritten copies were furnished each member on the evening of June 1st. After several additions and changes, a final copy was prepared, which copy was approved by every member of the committee. These recommendations as finally approved follows:

RECOMMENDATIONS
of
THE COMMITTEE OF TWENTY-FIVE
and
ITS SUB-COMMITTEE OF FIVE
to the
AGRICULTURAL ADJUSTMENT ADMINISTRATION
and
COOPERATING AGENCIES

Minneapolis, Minn.,
May 31, 1934.

- I. That the Administration and Federal Relief Agencies immediately arrange for canning operations in secondary drought areas. That canning facilities be set up as near as possible to the sources of supply. That vegetable and fruit canneries be used where available. That where no such canning facilities are available, the Administration and Federal Relief Agencies provide for the erection of same. That the plan of purchase now being put into operation in the primary drought areas be also applied to the secondary drought areas. That in addition to the purchasing of cattle on the farms as is now in progress, the administration also make such purchases on the stockyards as may be necessary to support the market.
- II. That a marketing agreement between meat processors and the Secretary of Agriculture be perfected on once, so that the unusual movement of cattle resulting from the drouth and the Drought Relief Program may be handled in an orderly manner, and at maximum prices.
- III. That the Administration place the importation of hides on a quota basis; such quota to be low enough to offset the large number of hides which must be marketed in the course of the Drought Relief Program.
- IV. That the Administration take such steps as may be necessary to protect stock men and farmers against profiteering in feeds and seeds.
- V. That the Farm Credit Administration continue the Regional Agricultural Credit Corporations and permit them to make whatever loans may be necessary in order to finance the livestock industry through the drought as well as through the financial emergency.

VI. That two million dollars be expended beginning at once for the advertising of beef under the supervision of the Secretary of Agriculture in cooperation with the National Livestock and Meat Board. It is suggested that an appeal be made on the basis of the patriotic necessity of providing an outlet for the unusual amount of beef that must be marketed within the next few months. It is further suggested that the objective be an increased consumption of five pounds per month on the part of ten million families out of the thirty-five million families in the United States, which objective, if attained, would provide an outlet for an additional 1,800,000 cattle annually.

VII. That the Administration by appropriate regulation permit the immediate planting, pasturing, or harvesting for hay of forage crops, including corn, on contracted areas.

VIII. That until the effects of the drought upon cattle numbers can be accurately appraised, no effort be made to reduce cattle numbers through the medium of a control contract, and processing tax.

IX. That the Committee of Twenty-five be called in session whenever changes in the above may seem desirable.

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On June 2nd, Mr. Sheets suggested that Congress might appropriate the sum of \$250,000,000 to cover not only cattle purchases but all forms of relief to the livestock industry. After much discussion, the sub-committee acting informally prepared the following telegram:

"We understand not sufficient authority or money appropriated to cope with the growing drought menace to livestock industry stop We ask ample authority be granted the director of drought relief and his advisory committee to purchase sufficient livestock for relief purposes and thereby make possible sufficient reduction in livestock numbers that the subsistence herds can be carried through the emergency stop We estimate this will require preservation by processing of at least several million cattle sheep and other livestock stop it will require that water forage and feed be furnished and it should provide for other emergencies which may develop stop we urge special appropriation of not less than two hundred fifty million dollars to meet this situation."

Each member of the sub-committee sent a telegram of this or similar wording to such of his congressional delegation as he thought advisable. The Sub-committee further suggested that the absent members of the Committee of Twenty-five be asked to send similar telegrams. In accord with this request a letter together with the copy of the telegram was mailed to each of the absent members at 6 P. M., June 1st, 1934. At 6 P. M., June 2nd copies of the recommendations as they appeared in this report were mailed to the absent committee-men with the letter of transmittal.

All of the subcommittee except Mr. Russell and Mr. Mount left Minneapolis on the evening of June 1st or the morning of June 2nd. Mr. Russell and Mr. Mount left on the evening of June 3rd. The subcommittee gave the recommendations made at Minneapolis to the press on the evening of June 1st. It was the judgment of the subcommittee that these recommendations should have all the publicity possible. The tentative contracts given in the reports of the subcommittee under the dates of May 15th and May 17th have not been given to the press in view of the final conclusion of the subcommittee that such proposed contracts should be held in abeyance until the effects of the drought on the cattle situation are known.

The present status of the program is well shown in the letter which Mr. Petrie sent to members of the committee on June 5th. The Cattle and Sheep Section is cooperating with the Emergency Drought Relief Service in furthering the drought program. Mr. Petrie is at present at the Regional Headquarters at University Farm, St. Paul, but will probably be moving on westward soon. He will probably be away from Washington all summer. Wires or letters sent to him in care of the Cattle and Sheep Section of the A.A.A., Washington, D. C., will be forwarded to him wherever he may be. I am returning to my work with the Oregon Agricultural College within a few days.

Sincerely yours,

E. L. Potter
Regional Consultant
Agricultural Adjustment Administration.